



**California Pollution Control
Financing Authority**

TAX-EXEMPT BOND FINANCING PROGRAM

**2013 ANNUAL REPORT TO THE
CALIFORNIA STATE LEGISLATURE**

March 2014

About the California Pollution Control Financing Authority:

Mission Statement: Committed to stimulating local economies in California by delivering innovative financing for projects that protect and restore the environment and making capital more accessible to small businesses.

The California Pollution Control Financing Authority (CPCFA) provides California businesses with a reasonable method of financing pollution control facilities and fosters compliance with government imposed environmental standards and requirements. Over the last forty years CPCFA has evolved to meet California's needs as follows:

- For solid waste, recycling, water and wastewater projects through its Tax-Exempt Bond Program.
- For small businesses through the California Capital Access Program and other financing initiatives.
- With the reuse and redevelopment of brownfields through the California Recycle Underutilized Sites Program.
- With financial assistance to cities and counties in their community planning and development efforts through the Sustainable Communities Grant and Loan Program.

CPCFA consists of:

Bill Lockyer, Chair
State Treasurer

John Chiang
State Controller

Michael Cohen
Director of Finance

Table of Contents

1. Program Summary.....	1
2. Project Highlights.....	2
3. Report of 2013 Activities.....	3
4. Applications Received in 2013 (Table 1).....	4
5. Initial Resolutions (IR) Adopted in 2013 (Table 2).....	5
6. Final Resolutions (FR) Adopted in 2013 (Table 3).....	6
7. Bonds Sold in 2013 (Table 4).....	7
8. Change in Cash Balance (Table 5).....	8

Pollution Control Tax-Exempt Bond Financing Program 2013 Annual Report

PROGRAM SUMMARY

The Pollution Control Tax-Exempt Bond Financing Program (the “Program”) stimulates environmental cleanup, economic development and job growth throughout the state of California. The Program allows California businesses to meet their growth and capital needs by providing access to low-cost financing through private activity tax-exempt bonds that provide qualified borrowers with lower interest borrowing costs than conventional financing.

In addition, CPCFA maintains a Small Business Assistance Fund (SBAF) to pay for qualified costs of issuance of tax-exempt bonds issued on behalf of certain small businesses. The assistance reduces the net cost of financing tax-exempt bonds for small businesses. SBAF can pay for letter of credit fees, transaction fees and other costs associated with the issuance of bonds.

CPCFA staff has chosen a project from calendar year 2013 which highlights the environmental benefits being achieved in the State of California using tax-exempt financing.

An affiliated group of companies, GreenWaste Recovery, Inc., Zanker Road Resource Management, Ltd., and GreenWaste and Zanker’s wholly-owned subsidiary, Zero Waste Energy Development Company LLC applied to CPCFA as co-applicants to finance Zero Waste’s anaerobic digestion facility in San Jose, which is currently the world’s largest dry fermentation anaerobic digester. Zero Waste held the Grand Opening of its facility on November 22, 2013. The note issue also refunded and consolidated several prior bonds issued by CPCFA.

PROJECT HIGHLIGHTS

GreenWaste Recovery, Inc., Zanker Road Resource Management, Ltd., and Zero Waste Energy Development Company LLC Issued Bonds worth \$103 million for a Dry Fermentation Anaerobic Digester and the Refunding of Prior Bonds

GreenWaste Recovery, Inc. and Zanker Road Resource Management, Ltd. were incorporated in San Jose, California in 1991 and 1984, respectively. GreenWaste and Zanker are each 50 percent shareholders in Zero Waste Energy Development Company LLC which was formed in 2009. GreenWaste and Zanker provide refuse collection, recycling and disposal services in Santa Clara, Santa Cruz and Sacramento Counties. Zero Waste provides waste to energy and composting services in Santa Clara County.



The Zero Waste anaerobic digestion facility is currently the largest dry fermentation anaerobic digester in the world, and meets the standards for LEED Gold Certification. Construction of the facility created 250 green

jobs and the facility assists California's AB32 mandates by diverting almost 85 percent of organic waste from landfills. The facility is designed to process up to 90,000 tons of organic waste per year. The technologically advanced process is expected to produce 30,000 tons per year of high-quality compost to enrich soils, as well as renewable biogas to provide up to 1.6 MW of on-site power. Thus, the facility itself anticipates generating and operating on 100% clean, renewable energy.



(Above) Zero Waste facility/operations in San Jose, CA.

CPCFA issued tax-exempt revenue notes for the three companies on November 6, 2013 for a combined total amount of \$103,025,000 to finance site improvements, equipment and vehicles purchases for the GreenWaste and Zanker operations; the completion of the Zero Waste facility; and to refund six prior bonds issued by CPCFA for the companies.

REPORT OF 2013 ACTIVITIES

This report of activities for the California Pollution Control Tax-Exempt Bond Financing Program is submitted pursuant to Health and Safety Code Section 44538 for the calendar year ending December 31, 2013.

1. APPLICATIONS RECEIVED

Authority staff received 7 new applications for a total dollar amount of \$146,235,000. (See [Table 1](#))

2. INITIAL RESOLUTIONS ADOPTED

The Authority took initial action on 8 applications for a total dollar amount of \$161,235,000. (See [Table 2](#))

3. FINAL RESOLUTIONS ADOPTED

The Authority took final action to approve the sale of bonds on 1 application for a total dollar amount of \$103,025,000. (See [Table 3](#))

4. BONDS SOLD

The Authority sold 1 tax-exempt bond issue for a total of \$103,025,000. (See [Table 4](#))

5. PROJECTED NEEDS AND REQUIREMENTS FOR 2014

The Authority has sufficient funds to operate its programs for the coming year and has no need for General Fund assistance.

6. ANALYSIS OF CHANGE IN CASH BALANCE FOR FISCAL YEAR ENDED JUNE 30, 2013.

The Authority's cash balance for fiscal year 2012/2013 increased by \$3,921,243. The Authority's ending balance for fiscal year 2012/2013 is \$31,004,311. (See [Table 5](#))

Table 1

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

APPLICATIONS RECEIVED IN 2013

APPL. NO.	DATE RECEIVED	APPLICANT NAME	PROJECT TYPE	AMOUNT
866	01/22/2013	Garden City Sanitation	SWD*	\$8,905,000
867	01/22/2013	CR&R, Incorporated	SWD	\$22,000,000
868	02/12/2013	Solid Wastes of Willits, Inc.	SWD	\$1,000,000
869	06/14/2013	Arakelian Enterprises, Inc.	SWD	\$35,000,000
870	06/20/2013	KVB, Inc.	SWD	\$17,500,000
871	07/12/2013	GreenWaste Recovery, Inc. Zanker Road Resources Management, Ltd. Zero Waste Energy Development Company LLC	SWD	\$38,000,000
872	08/16/2013	Zerep Management Corporation	SWD	\$23,830,000
			TOTAL:	<u>\$146,235,000</u>

* Solid Waste Disposal

Table 2

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

INITIAL RESOLUTIONS (IR) ADOPTED IN 2013

IR NO.	DATE APPROVED	APPLICANT NAME	PROJECT TYPE	AMOUNT
13-01	01/15/2013	Menlo Energy, LLC	SWD*	\$15,000,000
13-02	02/19/2013	Garden City Sanitation, Inc.	SWD	\$8,905,000
13-03	02/19/2013	CR&R, Incorporated	SWD	\$22,000,000
13-04	03/19/2013	Solid Wastes of Willits	SWD	\$1,000,000
13-05	07/16/2013	Arakelian Enterprises, Inc.	SWD	\$35,000,000
13-06	07/16/2013	KVB, Inc.	SWD	\$17,500,000
13-07	08/20/2013	GreenWaste Recovery, Inc. Zanker Road Resource Management, Ltd. Zero Waste Energy Development Company LLC	SWD	\$38,000,000
13-08	09/17/2013	Zerep Management Corporation	SWD	<u>\$23,830,000</u>
			TOTAL:	<u>\$161,235,000</u>

*Solid Waste Disposal

Table 3

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

FINAL RESOLUTIONS (FR) ADOPTED IN 2013

DATE APPROVED	FR NO.	APPLICANT NAME	PROJECT TYPE	AMOUNT
09/17/2013	532	GreenWaste Recovery, Inc. Zanker Road Resource Management, Ltd. Zero Waste Energy Development Company LLC	SWD*	\$103,025,000**
			TOTAL:	<u>\$103,025,000</u>

*Solid Waste Disposal

**New Issue \$38,000,000; Refunding Bonds \$65,025,000

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

BONDS SOLD IN 2013

CLOSING DATE	BOND SHORT NAME	PROJECT TYPE	AMOUNT OF ISSUE	BEGINNING INTEREST RATE	MODE
11/06/2013	GreenWaste Recovery, Inc. Series 2013	SWD*	\$40,880,000**	.99	Monthly
11/06/2013	Zanker Road Resource Management, Ltd. Series 2013	SWD	\$29,755,000***	.92	Monthly
11/06/2013	Zero Waste Energy Development Company LLC Series 2013	SWD	\$32,390,000****	1.34	Monthly
	TOTAL:		<u>\$103,025,000</u>		

*Solid Waste Disposal

**New Money \$13,840,000; Refunding Bonds \$27,040,000

***New Money \$24,160,000; Refunding Bonds \$5,595,000

****Refunding Bonds \$32,390,000

Note: All bond sales negotiated.

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

**ANALYSIS OF CHANGE IN CASH BALANCE
FISCAL YEAR ENDED JUNE 30, 2013**

CASH BALANCE	JULY 1, 2012	\$27,083,068
ADDITIONS:		
	REVENUE/OPERATING REVENUE	\$15,187,233
DEDUCTIONS:		
	OPERATING EXPENDITURES	\$11,265,990
CASH BALANCE	JUNE 30, 2013	<u>\$31,004,311</u>

*The cash balance represents the total agency, including other programs, not just the bond program.